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TAGS: [AORC](#) [ENRG](#) [IAEA](#) [KNNP](#) [PREL](#)  
SUBJECT: IAEA: GUIDANCE FOR THE SECRETARIAT-PROPOSED  
2010-2011 BUDGET

REF: UNVIE 201

- ¶1. (U) This cable provides guidance regarding the IAEA-proposed budget for 2010-2011 in response to reftel.
- ¶2. (SBU) Mission should seek a regular budget increase of no more than 9.5 percent in 2010 to strengthen IAEA capabilities in core areas of importance to the United States -- nuclear security, safety, and safeguards. Within this 9.5 percent envelope, Mission should draw from the points in paras 3-11 below in negotiating the details of the 2010 budget.
- ¶3. (SBU) Mission's top priority for this budget cycle should be securing funding to strengthen safeguards and mainstream nuclear security activities (i.e., staff costs currently funded from extra budgetary funds) into the regular budget. Mission should seek to obtain as large an increase as possible for these activities within the 9.5 percent ceiling. We believe this will help to stabilize funding by increasing cost-sharing with other member states, advance the President's nonproliferation agenda, and signal that the fight against nuclear terrorism is part of the Agency's core mission of nonproliferation.
- ¶4. (SBU) On safeguards, UNVIE should seek an increase in regular budget resources with a view towards ensuring sufficient resources are available to meet the Agency's expanding responsibilities in this program area.
- ¶5. (SBU) USG notes there has been a 10-fold increase in the amount of nuclear material under IAEA safeguards in the last 25 years; and an increase of 15-fold in the last decade of the number of countries with an Additional Protocol (AP) in force. For the future, new labor-intensive projects such as safeguarding the reprocessing and JMOX plants in Japan and the 14 civil power reactors in India are close at hand. In addition, the IAEA's mission has evolved and expanded to include the detection of undeclared nuclear activities, which pose a proliferation threat to international peace and security. With the information-driven State Level Approach (SLA), the Agency now collects, stores, analyzes, and archives exponentially more data than in the past. For these reasons, it is Washington's view that the Secretariat needs more funding for strengthening international safeguards, particularly in the areas of human resources (e.g., inspectors, information analysts, experts who can service equipment in the field, and people to train the foregoing) and information management, to perform its routine operations.
- ¶6. (SBU) We also believe voluntary contributions should be sought from India and Japan to cover some of the equipment costs associated with inspections of facilities in those countries. The USG may seek additional voluntary resources in the future to support the expanding safeguards mission.
- ¶7. (SBU) Also, with regard to safeguards, another priority

is upgrading the Safeguards Analytical Laboratory (SAL). We support a modest amount of additional regular budget funding for these upgrades, but not/not the full request made by the Agency. We believe only a portion of the request should be agreed at this time, as there are still outstanding questions regarding the project and the current cost estimate. The U.S. objective is for the Agency to develop a project plan for a replacement Nuclear Materials Laboratory, solicit bids, and be in a position to let a contract in January 2012. Mission should seek sufficient funding to achieve that goal, preferably within the regular budget, but not at the expense of increases to the operational safeguards account given the available option of using extra budgetary funds or other financing mechanisms for this purpose.

¶18. (SBU) Mission also should seek additional regular budget funding for the Agency-wide Information System for Program Support (AIPS) and for Safety. However, we recognize that trade-offs will need to be made within these areas to accommodate other member states, priorities. UNVIE should try to achieve the best outcome possible for these program areas. Mission can agree to modest increases in the Regular Budget for other Major Programs as necessary to gain support for the objectives in para 2, but should limit these increases to the greatest extent possible, while maintaining the overall increase within the 9.5% ceiling. Washington believes that U.S. goals in supporting activities in Major Programmes 1 and 2 can best be met by enhancing voluntary contribution funding for specific projects, e.g., infrastructure development and tsetse fly eradication. The Department intends to seek increased funding for voluntary contributions, in addition to maintaining the strong U.S. commitment to &pledging its share and paying its pledge8 for TCF. Mission may convey this plan as appropriate.

¶19. (SBU) UNVIE should try to get funds included in the 2010 budget for implementation of the next plateau of AIPS (6.0m Euro). We believe that implementation should continue in order to avoid additional costs associated with further delays.

¶10. (SBU) Nuclear safety continues to be a high priority for the U.S. as well. For Safety, UNVIE should seek a funding increase to develop new and update aging safety standards, expand training in safety infrastructure development, and increase the number of peer reviews for nuclear facilities and nuclear safety regulators in countries developing nuclear power programs (1.3m Euro). UNVIE should not/not support the proposed increase for the Incident and Emergency Center (IEC).

¶11. (SBU) Mission should press the Agency to absorb some of the projected price increases in order to accommodate high priority program needs. Mission can agree to phase in the budget increase (within 9.5 percent) over both years of the biennium if advantageous in terms of reaching a good outcome. However, in doing so Mission should press to ensure member states agree that the budget debate will not be re-opened in the second year beyond the normal discussions (i.e., price adjustments).

¶12. (U) Washington requests Mission keep us fully apprised of developments as discussions progress. Washington understands the outcome of the 2010-2011 budget deliberations will ultimately set the stage for consideration of subsequent IAEA budgets and potential strategic assessments that may be required to rationalize the budget in the future.

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